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57-1285

9 APR 1957

MEMORANDUM FOR: Comptroller

FROM : Chief, Technical Accounting Staff
Office of the Comptroller

SUBJECT : Field Trip to Far East [REDACTED] re
Financial Property Accounting

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REFERENCES : (a) Report to Chief of Station, [REDACTED] on Visit to
[REDACTED] Station (Tab A)

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(b) Dispatch to Chief, Logistics Section, [REDACTED]
Station, [REDACTED] on Visit to [REDACTED] Base (Tab B)

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(c) Report to Chief, [REDACTED] on Visit
[REDACTED] Base (Tab C)

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(d) Report to Chief, Training Station, [REDACTED] on Visit
[REDACTED] Training Station (Tab D)

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(e) Dispatch to Comptroller from Chief, TAS dated 5
February 1957 on Visit to [REDACTED] Station (Tab E)

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(f) Report to Chief of Station, [REDACTED] on Visit to
[REDACTED] Station (Tab F)

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(g) Report on Study at [REDACTED] Station (Tab G)

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(h) Dispatch to Chief of Station, [REDACTED], dated 13 March
1957 Subject: Implementation of FPA Procedures for
the KUCIUB Inventory (Tab H)

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1. Pursuant to the recommendation of the DD/S, the writer visited all locations in the FE area at which the financial property accounting system has been installed to review the current operations of the system and assist in the implementation of simplifications in the system authorized by headquarters. References (a), (b), (c), and (d) represent summary reports on the visits to the 4 FE locations at which the system is in operation (Tabs A, B, C, and D, attached).

2. It was found that the field locations had adopted most of the authorized simplifications and are satisfactorily operating the prescribed system except

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that required reconciliations of detailed property records with the financial property accounts had not been made currently in 3 of the 4 locations at which the system is in operation. Intensive effort is being made to accomplish the required reconciliations at the earliest practicable date both by station personnel and by the assignment of special assistance from the staff of the FE Comptroller. Continuing effort will be made to accomplish the required reconciliations without assistance from headquarters; however, in the event the FE Comptroller is required to assign staff personnel to other activities, request may be made to headquarters for the assignment of TDY assistance for the purpose of accomplishing the initial reconciliations. In this connection, the writer and the FE Comptroller in reference (d) recommended that the [REDACTED] (a) adjust an unreconciled difference (\$506) exceeding the \$100 maximum authorized for adjustment by headquarters which developed in the initial effort to reconcile material group 1, and (b) request authorization from the FE Comptroller to adjust unreconciled differences, exceeding the \$100 maximum authorized for adjustment, which may result from initial reconciliation efforts with respect to other material groups after the prescribed reconciliation procedures have been performed. The writer also agreed that this same authority should be exercised by the FE Comptroller with respect to initial reconciliation efforts at other FE locations if deemed advisable by the FE Comptroller.

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3. Based upon review of the FPA system in operation in the FE area and discussions with field officials, the writer makes the following recommendations with which the FE Comptroller concurs:

a. Headquarters should take action to further improve the FPA system as rapidly as circumstances permit by:

- (1) Determining additional categories of property which can be appropriately excluded from FPA; e.g., consider feasibility of excluding small unit value stock items, such as [REDACTED] resistors, capacitors, connectors, tubes, small repair parts, etc., together with a practicable basis of prorating the cost of such items to using activities.
- (2) Developing simplified techniques for reconciliation of detailed property records with financial control accounts, and/or for assuring accuracy in recording in order to preclude reconciliation difficulties; e.g., study feasibility of (a) bookkeeping machine posting at larger FPA installations to permit implementation of offset proof techniques over daily posting activities; (b) maintaining stock records currently, where appropriate, to show quantities and total dollar valuations instead of quantities only.

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- (3) Including in FPA procedures provision for maintenance of an account to reflect investment in real estate and fixed plant and equipment, such as power plants, warehouses, residence properties, clubs, office quarters, etc. ✓
- (4) Devising a method for applying to cost in each fiscal period the amount of decrease in the value of nonexpendable property used by projects and other activities, such as by application of the coupon to depreciation method, 100 percent charge to cost upon issuance with credit for depreciated value upon turn-back, or otherwise. ✓
- (5) Making provision for application of the FPA system to "detached stations" by providing simplified documentation for use in recording property transactions in both the responsible officer's stock records and the financial accounts. X
- (6) Integrating field financial property accounting and cash accountability records to permit simplification of accounting for transactions affecting both the property and cash accountability and the use of the same documentation for both purposes. ✓
- (7) Reviewing the requirements of the Field Supply Procedures and the FPA procedures relative to documentation, records and reports to eliminate all unnecessary duplication. ✓
- (8) Emphasizing the importance of periodic reviews of pricing at each installation to conform to the established policy in order to assure the validity of amounts representing total property inventories and costs of property issued reflected in Agency reports. ✓

b. Consider the feasibility of obtaining authority to establish an Agency-wide revolving stock fund to facilitate budgeting and control over property issues within project approvals, whereby allotments to projects and other activities would limit and control the total amount of Agency resources (funds and property) made available to such activities. ✓

c. Promulgate for the information of field officials a statement concerning the Agency's comprehensive program for improvement of its financial management to provide a basis for a clear understanding by them of the purposes of procedural changes as they become necessary during the developmental period. ✓

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4. References (e) and (f), (Tabs E and F attached), contain specific recommendations based upon studies made at the [redacted] and [redacted] stations to determine the feasibility of installing FPA procedures at those locations. In this connection based upon discussions with the affected components at headquarters, a dispatch has been transmitted to the [redacted] Station (Tab H attached) recommending 1 May 1957 as the effective date for implementing the FPA procedure for the KUSIIS inventory. Also, on 29 March agreement was reached with the Chief of Support, SE Division, that 1 August 1957 should be suggested to the [redacted] Station as the effective date for implementing the FPA procedure for the Logistics inventory. The writer will make arrangements to discuss the problem of implementing the FPA procedure at the [redacted] Station with the affected headquarters' components to determine the action to be taken at that Station.

5. The writer and the FE Comptroller visited the [redacted] Station to ascertain the feasibility of establishing the FPA system at that station. The findings and recommendations resulting from this study are set forth in the writer's report on visit to [redacted] Station in reference (g), (Tab G attached). Also in reference (g) are findings and a recommendation relative to the use by the [redacted]

6. The writer, the FE Comptroller and FE Deputy Comptroller prepared a revised draft of [redacted] based upon contacts with field personnel operating the FPA procedure at four locations in the FE area. This draft, which amplifies and clarifies the basic procedure prescribed in the draft heretofore circulated for coordination at headquarters, is now being coordinated among the Support Services and will be substituted for the previous draft on which further processing by RCS is being temporarily deferred at the writer's request.

Attachments:

TAS/FWG/mlc (3 April 1957)

Distribution:

- Orig. & 1 - Addressee
 1 - Deputy Director (Support) ✓
 1 - C/Audit Staff
 1 - Director Logistics
 1 - C/TSS
 1 - C/SE
 1 - C/EE
 1 - C/Finance Division
 1 - TAS Subject
 1 - TAS Chrono
 1 - TAS Reading

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